



CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D. C. 20505

10 April 1975

NOTE FOR: The Honorable James R. Schlesinger
The Secretary of Defense

Attached for your information is a report on the economic impact of Soviet military spending. It grew out of our earlier discussions of the Soviet defense "burden". One of the basic changes in approach is the addition of the distinction between the "objective" and "subjective" aspects of the problem. Most of the paper is concerned with "objective" measures of the economic impact of military spending--especially the share of military programs in a variety of economic aggregates. The "subjective" measures refer to Soviet perceptions of the influence of military spending on their economy and are dealt with less extensively.

One of the principal conclusions of the report is that Soviet leaders have not acted as though the costs of military programs have been a major factor in their military decisions.

Copies of this report are being sent to Andrew Marshall and General Graham. General distribution will be made next week.

[REDACTED]
Edward W. Proctor

Deputy Director for Intelligence

Attachment:

ER IR 75-3

Copy No. 1

Distribution:

Original - Addressee

- 1 - Mr. Andrew Marshall (Copy No. 2)
- 1 - Lt. General Graham (Copy No. 3)
- 1 - Director (Copy No. 4)
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